

Rockville Summit II

**Jobs Growth & Residential Workforce Working Group
Final Document Submitted October 15, 2012**

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Summary of Recommendations

By consensus, the group advocates that the City of Rockville promote "balanced" economic growth policies that respect the importance that quality of life signifies for many Rockville residents, and that seek to strategically attract the most desirable types of business activity for improving the quality of jobs in Rockville and for promoting job growth and opportunities for the residential workforce. Group members believe that the City should not be interested in growth just for the sake of growth, but look at a balanced, targeted way to grow the City of Rockville that maintains the quality of life Rockville residents and visitors currently enjoy.

Major recommendations include, but are not limited to:

- Providing Business-Friendly Processes in City Government
- Increasing the Commercial Tax Base
- Capitalizing on Rockville Pike and the Red Line Metro stops
- Taking Advantage of Highly-Skilled Seniors/Retirees in the City
- Targeting Industry Clusters
- Capitalizing on Rockville's Existing Strengths

The strongest point of consensus was on job quality; all members of the group broadly support the notion of attracting and retaining the highest paying, most rewarding and most stable mix of jobs possible, to the benefit of all stakeholders, regardless of whether or not Rockville pursues numerical increases in the quantities of jobs offered. This consensus extends to developing effective strategies (such as industry clusters) for ensuring that high-tech and other desirable industries remain a priority in Rockville's future economic mix.

Major Issues

There were several major issues that influenced the group's discussions and objectives with respect to job growth and the residential workforce.

A. How to Define "Job Growth" and "Economic Development"

A major issue for the group was agreeing to a common definition of terms and in doing so, establishing a framework for the group's recommendations. Some members of the group expressed concern about: defining economic growth simply as population growth; considering job growth without considering job *quality* (i.e. jobs that pay high wages relative to the cost of living and offer opportunities for advancement, stable income, retirement, etc.); and defining economic development too narrowly. In this vein, some members of the group pointed out that other positive economic assets and outcomes should be taken into account along with, or even in lieu of, numerical increases in the number of jobs and/or growth of Rockville's residential population. These other indicators include:

- Higher per capita / per household income, reflecting greater job quality
- Sustainable increases in residential/commercial real estate prices, reflecting greater long-term demand for doing business in, and/or residing in, Rockville, and providing property owners with a dependable asset for financing, retirement, etc.
- Evidence of local entrepreneurialism, i.e. higher rates of local business ownership and business start-ups by Rockville residents
- Success of Rockville-based companies (e.g. expansion of hiring, revenue, profit, dividends, stock price, new products, new patents, etc.)
- Industry Mix (less dependence on federal government, attraction of future industries, higher value-added industries, promotion of new and existing industry clusters)

- Development of a more robust venture capital sector for financing bio-tech and other desirable types of companies
- Equitability, reflecting higher paying jobs and employment opportunities for residents of all income and education levels, across Rockville's diverse demographic spectrum
- Ability to match local job opportunities with residents' skill sets to increase the percentage of residents that both work and reside in the City

In the end, after all of the above points were raised and discussed, members agreed on a definition of job growth focused on three areas:

1. Expanding Jobs
2. Increasing the City's Tax Base
3. Targeting Specific Industry Clusters

B. Balancing Economic Development and Quality of Life

Another major issue for the group was balancing economic development and quality of life. In discussing this issue, the group debated several viewpoints. At one end of the spectrum, some felt that competitive pressures from other cities in the DC metropolitan region (i.e. northern Virginia), as well as nationally and internationally, require a stronger pro-business stance in order for Rockville to thrive; others felt that maintaining Rockville's quality of life and high living standard is essential to attracting and retaining the type of highly educated, highly paid workers demanded by technology-oriented industries. Lastly, it was recognized that proximity to the nation's capitalⁱ will always play a role in Rockville's economic destiny, as there will always be professionals that prefer working in jobs unique to DC (e.g. Capitol Hill, State Department, World Bank, etc.) while residing in suburbs such as Rockville. Residents in this category may place a greater emphasis on quality of life as opposed to local job growth.

With these differences in mind, the midpoint of views held by group members is best characterized as *a consensus to promote "balanced" economic growth policies that respect the importance that quality of life signifies for many Rockville residents, and that seek to strategically attract the most desirable types of business activity for improving the quality of jobs in Rockville and for promoting job growth and opportunities for the residential workforce.*

C. Discussions related to Residential Workforce

With respect to utilizing the residential workforce, an issue taken into consideration was whether or not the City should seek to promote an increase in the number of residents who both live and work in Rockville, and what the potential advantages might be. Several possible advantages were identified. Greater utilization of the residential workforce could: i) circulate more money in the local economy, benefitting local businesses and the City's commercial tax base; ii) reduce the demand on regional transportation infrastructure; iii) improve quality of life by reducing time and costs associated with long-distance commuting; iv) benefit the environment by reducing pollution caused by transportation; and v) increase the tax base.

The group also discussed the benefits of Rockville's positive jobs-to-residents ratio, recognizing that the surplus of jobs versus residents means that Rockville residents have a greater chance of finding employment close to home, and that residential property owners—as well as the City via a higher assessed tax base—will benefit from the high, constant demand for residential property in close proximity to sources of employment. In general, the group was in favor of promoting the growth of our existing workforce, and increasing the percentage of residents who both live and work in Rockville. To ensure that employers are able to meet their hiring needs, however, also requires the City to maintain its transportation infrastructure so that workers outside of Rockville remain incentivized to commute to jobs in the City.

D. What kind of job growth should the City target?

The issue of *what kind* of jobs and industries Rockville should target also frequently arose during the group's discussions. There were several dimensions to this issue. The group generally agreed that the bio-tech and information technology sectors should continue to be prioritized, but there was also significant attention drawn to specialization within these areas (for example, genetic consulting and personalized medicine) so that Rockville could build stronger, more identifiable industry clusters. It was also recognized that Rockville is well-positioned to compete for the "industries of the future", i.e. those industries that are only recently beginning to emerge and that will undergo enormous growth in the coming decades. Possible ideas for future potential industry clusters amenable to Rockville include: IT Health Services, genetics, nanotechnology, senior-oriented services; health and wellness education; hospitality/event management, and high-value-added organic/local food processing.

Another dimension to this question is assessing Rockville's strengths and limitations; Rockville should target jobs that match its strengths. The table below shows the strengths and limitations identified by the working group:

Strengths	Limitations
Quality of labor force – highly educated and diverse population; experienced retirees	Very limited developable land
Existing transportation infrastructure	Traffic congestion; lack of control over major transportation arteries (Metro, Rockville Pike, etc.)
Existing technology infrastructure	High cost of doing business; difficult-to-navigate, "unfriendly" business permitting processes in City
High quality of life and proximate amenities (social, cultural, etc.)	Need for improved coordination between local, County, State & Federal officials
Educational Opportunities (Montgomery College, etc.)	
Rockville Town Center	
Presence of County, State, Federal Government	
High jobs-to-residents ratio providing ample job opportunities for residents	

E. Issues Related to Retail

The group debated many issues related to how the retail sector should be evaluated with respect to job growth and utilization of the residential workforce. One of the main issues in this regard was balancing Rockville's identity as a key "retail mecca" that serves both City residents and residents in surrounding communities, with the unfortunate fact that retail establishments tend to offer the lowest wages, fewest benefits, and fewest opportunities for career advancement. Although there was no strong consensus among the group for favoring or not favoring retail as a source of new jobs, the group did generally agree that City policies to promote *local retail ownership* (versus national chain stores) might be in the best interest of City residents and local business owners. (Some members of the group felt that REDI and the Rockville Chamber of Commerce should take a greater interest in promoting locally owned retail, although they realized it was not disinterest but rather the need to balance priorities and invest precious resources in those areas providing higher-paying jobs). A further point of discussion was recognizing that the future of retail is uncertain given the current national trend toward online shopping. While the group agreed that this trend would only deepen, there were different interpretations of the consequences. Some felt that it might create new opportunities for locally owned retailⁱⁱ, others felt that new types of retail may emergeⁱⁱⁱ. Some also felt that the trend may be self-limiting as consumers will always want to view

certain types of products up close before purchasing, and that stores of this nature will remain viable in the long term. At any rate, the issue of retail was discussed and debated at the group's meetings.

Focus Areas

As mentioned under the Major Issues section above, the group decided to focus on three key areas related to job growth and utilization of the residential workforce: 1) expanding jobs; 2) increasing the City's tax base; and 3) targeting specific industry clusters.

Major Factors Influencing Group Recommendations

The major issues cited in section 1 were raised by group members throughout the series of meetings held by the working group. In this context, the following major factors affected final recommendations:

- Degree to which proposed ideas were supported by the group as a whole, while accommodating minority points of view and the broadest possible range of stakeholders
- Degree to which ideas supported a broad definition of economic development—and specifically job growth—to include quality of jobs and other indicators, not just numerical increase in jobs, or population growth (e.g. per capita income, appreciation of land values and tax base, inclusiveness, etc.)
- Uniqueness of ideas, such that Rockville identifies and successfully implements new and more effective approaches to economic development, allowing Rockville to outcompete other cities by harnessing its competitive advantages
- Recognition that promoting the residential workforce is a unique objective, closely tied to promoting job growth, albeit with a distinct set of considerations and solutions

Recommendations

The group offers the following recommendations with regard to Job Growth & Residential Workforce:

City Policies

- **Business Friendly Processes:** The City should streamline its regulations and permitting processes that affect local businesses, especially those which are of a non-controversial nature, in order to lower the cost of doing business in the City
- **Commercial Tax Base:** Continue to promote balanced economic development through policies that support an increased commercial tax base via commercial redevelopment projects. The group noted the advantages of a high commercial-to-residential tax base ratio: commercial entities pay more in taxes than they take out in services thereby helping to keep residential property tax rates lower; help sustain the City's high jobs-to-residents ratio; and provide new revenue opportunities for Rockville-based support services, e.g. legal, accounting, insurance, etc.
- **Continued Funding for Economic Development:** The City should continue funding for different types of economic and business development initiatives, that promote/benefit Rockville, either through REDI or consortiums involving REDI; the City should also continue its support for REDI to strengthen its institutional capacity for developing recommendations related to the City's economy and workforce
- **Rockville Pike / Red Line Metro Stops:** Find ways (e.g. Rockville Pike Plan) to capitalize on Rockville Pike and the Twinbrook, Rockville and Shady Grove Metro Stops, as assets contributing to the City's competitiveness
- **Existing Employers:** City policies should help existing employers grow and stay in Rockville, and encourage local employers to hire local Rockville residents

City Actions (New City Policies & Programs)

- **Create/Strengthen City-Level Incentives:** In addition to taking advantage of existing federal, state and county incentives, the City should create its own financial and non-financial (in-kind) incentives to attract desirable companies. Examples include:
 - **"Work-Reside Policies":** As an incentive to increase the percentage of residents that work in the City, Rockville should explore various "work-reside policies".
 - **Rockville Resident Hires:** Provide a tax credit to companies for hiring local Rockville residents.
 - **In-Kind Incentives Policy:** When required to match a State or County financial incentive for a development or redevelopment project, allow for the use of an "in-kind" match by the City related to infrastructure improvements, such as roads, water, sewer, etc., rather than financial support.
- **"Branding / Re-Branding" Rockville:** Members of the group felt that Rockville's image is still somewhat of a "blank slate" and that the City needs something more uniquely identifiable, related to its economic strengths. Rockville's current motto "Get Into It" does not communicate any type of economic strength and is more of an appeal to civic involvement. To appeal to companies, the City should also find a way to project an image that communicates a more "pro-business" attitude.
- **Public Communication:** The City should reach out systematically to businesses to determine their specific needs, to educate citizens on their efforts to balance growth and quality of life, and provide regular updates about positive job creation efforts taking place in the City (signs about projects underway, use of social media, etc.).
- **Highly Skilled Seniors/Retirees:** The City should find a way to tap into the wealth of skills and experience possessed by local seniors, many of whom might be willing to share their ideas, advice, and other resources to promote the local economy.

City Advocacy (Ideas for Possible Advocacy, Analysis or Public Discussion)

- **Target Industry Clusters:** The City should seek to promote specific industry clusters, based on Rockville's competitive advantages. Specifically, the City should continue to target biotech, life science and other high-tech sectors. In addition to promoting existing clusters, the City should be attentive to new potential clusters, especially those related to emerging industries of the future. Major potential industries suggested by the group include: Genetic Counseling and Consulting; IT Health Services, Health and Wellness Education; Healthcare, Mobility and Recreation Services for Seniors; and Nanobotics/Nanotechnology. Other smaller clusters could be developed around hospitality (Choice Hotels, new convention center) and local/organic food processing of products grown in Montgomery County's agricultural reserve (Gude/Southlawn area^{iv}). The City should find a way to institutionalize this approach, via REDI or a consortium, and study how other cities identify and promote industry clusters. This consortium can also make future recommendations and market Rockville as a place to do business.
- **Capitalize on Rockville's Strengths, and Minimize Its Limitations:** The City should be open to attracting employers of all types and sizes, to increase access to a wide variety of services, shops and businesses in the City, and to create higher paying^v. Jobs for all types of workers (unskilled, skilled, associates, bachelors, masters, PhD, post-doc). The City should, however, be mindful of its two main strengths: i) a highly educated, diverse and technology-oriented work force; and ii) proximity to key transportation infrastructure. The City should also be mindful of its main limitations: i) limited available developable land, ii) high cost of living and iii) quality of life that can be negatively impacted by over-development or destruction of green space—especially when CEOs and entrepreneurs take these issues into account when deciding where to locate their companies and raise their kids. Job are created when: existing businesses expand or relocate to Rockville; local entrepreneurs succeed; federal, state and county governments locate facilities in Rockville; non-profits and educational facilities expand and add staff; and support industries provide required services. Rockville's strengths are applicable to all of these areas and the City should apply them effectively, by pursuing both big and small opportunities, in both the public and private sectors.

- **Future Trends:** To successfully balance economic development and quality of life, the City should be mindful of future trends related to the changing world economy, the changing face of retail, new technology, social and environmental values, and where/how people work (ex. telecommuting). In a highly globalized and competitive world, the cities that will host the desirable industries of the future are not only those with a highly educated workforce, but also those that encourage new approaches and actively contribute to the new business models and public policies of the 21st century.
- **Regional Advocacy:** As the county seat, and a significant contributor to the economy of Montgomery County, Rockville should cultivate a leadership role in coordinating and collaborating with other entities at the state and county level, as well as with neighboring cities (ex: creating consortiums to help promote industry clusters and competitive advantages).
- **International Advocacy:** Rockville hosts a very diverse population, with residents representing many countries from every continent. The City should harness this strength to encourage export of local goods and services, and to attract foreign companies to Rockville.
- **New "Montgomery College" Metro Stop:** Work with Montgomery County, the State of Maryland and WMATA to encourage a feasibility study for building a new Metro stop on the Red Line at Montgomery College; this will make it easier for students that work full-time to attend school, reduce the need to dedicate campus property to parking instead of new facilities; and facilitate hosting of regional events.
- **Higher Education:** Work closely with Montgomery College, Johns Hopkins University and the University of Maryland to maintain high quality education and resource centers for creating jobs; promote partnerships between community colleges and companies for creating jobs.
- **Future Federal Agency/Facility:** Over the long-term, the City (which is just 16 miles from Washington DC) should remain attentive to the possibility of being selected as the site for a future, major federal agency that would create jobs on a massive scale (e.g. Pentagon, NIH, NIST, etc.). In the short-term, the City should promote diversification into new, private-sector industries that complement existing industries, or that help lessen Rockville's dependency on federal spending, which may remain flat, or even diminish, in the near future.

Areas Where Group Did Not Reach Conclusions

As already mentioned in this report, there are different views with respect to both the type and degree of economic development supported by residents and other stakeholders in the City of Rockville, and the proper point of balance between economic development and quality of life. There are also different views with respect to Rockville's identity as a commuting suburb or city in its own right, and to urbanization versus preservation of a suburban lifestyle. The group did not reach a unanimous conclusion on these issues. Our group recommendations regarding job growth should be taken with this in mind.

Also, the group did not reach a uniform conclusion on whether or not the City's current policies were appropriate or not. Indeed, some members expressed displeasure with certain policies and decisions, with the current business climate, and with the "tone and tenor" of public discourse in the City related to economic development and growth. Others felt that the City was generally on the right track. One of the policies that the group did not agree on was the APFO (Adequate Public Facilities Ordinance)—some felt that this ordinance was a limitation, others felt that the ordinance was an asset. Despite these different assessments, most of the group was generally positive with respect to the City's potential, and uniformly motivated to generate numerous recommendations for improvement, suitable to a diverse range of visions for Rockville's future.

The strongest point of consensus was on job quality; all members of the group broadly supported the notion of attracting and retaining the highest paying, most rewarding and most stable mix of jobs possible, to the benefit of all stakeholders, regardless of whether or not Rockville pursues numerical increases in the quantities of jobs offered. This consensus extends to developing effective strategies (such as industry clusters) for ensuring that high-tech and other desirable industries remain a priority in Rockville's future.

economic mix. The group also generally felt that Rockville had the potential to be a recognized leader in one or more industries. We understand that job growth doesn't just happen based solely on actions taken by the City, but relies on others as well. There is a great need, then, for close coordination at the local, County, State and sometimes Federal levels.

Where Recommendations Should Interface With Other Topics

The issue of job growth interfaces with all other topic areas from the Summit, including Transportation & Traffic, Housing, Education & School Capacity, City Services & Budget, and Preservation of Rockville's Character. It is important to take all of these aspects into consideration when making decisions that impact the City as a whole.

Conclusions

The group advocates that the City of Rockville promote "balanced" economic growth policies that respect the importance that quality of life signifies for many Rockville residents, and that seek to strategically attract the most desirable types of business activity for improving the quality of jobs in Rockville and for promoting job growth and opportunities for the residential workforce.

Appendix

Number of Meetings

The Job Growth & Residential Workforce Working Group met the 2nd and 4th Tuesdays of the month, from June 26 – October 9, 2012.

Names of Participants

1. Patricia Rogers (Chair)
2. Caleb Michaud (Vice-Chair)
3. Gerald Aldridge
4. Thomas Gorman
5. Stephen Hendrickson
6. Christine Juettner
7. Debra Liverpool
8. Jeffery Lynch
9. Bernard McGuire
10. Alicia Jones- McLeod
11. Liya Shen
12. Monika Taylor
13. Mathew VonHendy
14. Joy Young
15. Chinyere Viviane Ukachu
16. Bradley Cheng
17. Charles Littlefield
18. Al Lampert (facilitator, REDI)
19. Laurie Boyer (facilitator, REDI)
20. Manisha Tewari (facilitator, City of Rockville)

End Notes:

ⁱ Excellent access to the Red Line, Rockville Pike and I-270, and more affordable housing relative to Northwest DC, Chevy Chase, Bethesda, etc., make Rockville an attractive location for people who prefer to work in DC and reside in the suburbs. According to the U.S. Census Bureau, only 23% of Rockville residents both work and reside in the City. When compared to other cities in the region, this places Rockville in the middle. Places such as Bethesda, Arlington and Alexandria have a higher percentage, while other cities, such as Germantown, Greenbelt, Hyattsville, etc. have a much lower percentage.

ⁱⁱ The recent bankruptcy of Borders Books, and the rise of e-books, could—for example—create a new niche for locally owned bookstores with physical and online sales of new and used paper books.

ⁱⁱⁱ Online companies such as amazon.com are now planning to invest in huge, regional distribution centers to guarantee same-day and next-day delivery for metropolitan customers. With this in mind, the City may want to focus on attracting one or two such mega-distribution centers, rather than relying exclusively on the old model of filling numerous small retail spaces and attracting "anchor" stores.

^{iv} The group discussed the possibility of creating some type of economic incentive zone in this area to attract new industries, as well as other ways to promote this somewhat "forgotten" economic asset.

^v For unskilled workers, the City should prioritize jobs that can sustain a living wage.